

Message Text

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11
ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 /025 W
 071866

R 200400Z JUL 76
FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC 1649
INFO AMEMBASSY JAKARTA
CINCPAC HONOLULU

LIMITED OFFICIAL USE PORT MORESBY 0724

CINCPAC FOR POLAD

E.O. 11652: NA
TAGS: ETRN, PP
SUBJ: PNG GRANTS INDONESIANS RIGHT TO FLY BIAK/
 PORT MORESBY

1. LOCAL PRESS REPORTS THAT THE GPNG HAS AUTHORIZED
INDONESIA'S GARUDA AIRLINE TO OPERATE SERVICES BETWEEN
PORT MORESBY AND BIAK. INDONESIA HAS AGREED IN TURN
TO GIVE AIR NIUGINI THE RIGHT TO FLY BETWEEN PORT MORESBY
AND JAKARTA IN ONE YEAR'S TIME. (AIR NIUGINI ALREADY
OPERATES SERVICES BETWEEN PORT MORESBY AND JAYAPURA, THE
CAPITOL OF IRIAN JAYA. THAT SERVICE MOVES FROM TWO FLIGHTS
A MONTH TO ONCE WEEKLY.)

2. REPRESENTATIVES OF THE INDONESIAN AND PNG GOVERNMENTS
MET LAST WEEK IN JAKARTA. THAT MEETING ALSO CONFIRMED
THE RIGHTS OF BOTH COUNTRIES IN OVERFLYING FOR EXISTING
SERVICES SUCH AS THAT BETWEEN PORT MORESBY AND MANILA.

3. THE MINISTER FOR TRANSPORT AND WORKS, BRUCE JEPHCOTT,
SAID IN HIS JULY 18 STATEMENT THAT HE WOULD SOON ISSUE
A STATEMENT ON PLANS FOR AIR NIUGINI'S INTERNATIONAL AIR
ROUTES.

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4. COMMENT: AIR NIUGINI MANAGEMENT HAS BEEN CAUTIOUS IN ITS ENTRY INTO THE HIGHLY COMPETITIVE INTERNATIONAL AIR COMPETITION. ALTHOUGH IT HAS NOT YET PROVED A TOUGH COMPETITOR TO QANTAS ON THE PORT MORESBY/BRISBANE RUN, THIS IS PARTLY DUE TO THE FACT THAT MANY REGULAR TRAVELERS ARE MORE FAMILIAR WITH QANTAS WHICH FLIES TWICE WEEKLY TO SYDNEY DIRECT WHEREAS AIR NIUGINI PRESENTLY TERMINATES ITS FLIGHTS IN BRISBANE (AND ITS FOKKER FLIGHTS AT CAIRNS), AND MINOR PASSENGER IRRITANTS SUCH AS INADEQUATELY TRAINED STAFF WHICH CONTINUE TO EXIST. AIR NIUGINI HAS, HOWEVER, BEEN VERY SUCCESSFUL ON ITS PORT/MORESBY/MANILA/PORT MORESBY RUN AND THE COMPANY WOULD LIKE TO PROVIDE LINKS NORTH TO INDONESIA AND JAPAN AND, LATER, TO GUAM.

5. DESPITE THE FACT THAT GARUDA GAINS AN ADVANTAGE BY BEING FIRST FROM THE POST, IT ALSO TAKES THE FINANCIAL RISK OF ESTABLISHING THE SERVICE AND ADVERTISING ITS AVAILABILITY TO TRAVEL AGENTS AND OTHER AIRLINES AROUND THE WORLD. THUS ITS FIRST YEAR WILL PROVE HELPFUL FOR THE TIME WHEN AIR NIUGINI BEGINS ITS OWN FLIGHTS TO INDONESIA. OFFICIALS HERE ARE CAUTIOUS SINCE AIR NIUGINI IS A PROFIT-MAKING ENTERPRISE AND THE GPNG HAS MADE IT CLEAR IT DOES NOT INTEND TO SUBSIDIZE THE AIRLINE'S OPERATION. THUS THE AIR NIUGINI INDONESIAN FLIGHT WILL NEED TO BE PROFITABLE OR ELSE THE MANAGEMENT WILL BE FORCED TO REVIEW THE OPERATION. TO BOLSTER ITS PRESENT ONE WET LEASE BOEING (LEASED FROM TEMPAIR), AIR NIUGINI IS CONSIDERING THE PURCHASE OF AT LEAST ONE BOEING FROM QANTAS. THE IDEA IS TO POSSIBLY TERMINATE THE WET LEASE WHICH REQUIRES SIX MONTHS PRIOR NOTIFICATION. IT IS NOT PRESENTLY CLEAR WHETHER AIR NIUGINI WILL REPLACE THE WET LEASE WITH A BOEING OF ITS OWN OR CONTRACT FOR A SECOND BOEING IN THE NEAR FUTURE. NEXT WEEK'S ANNOUNCEMENT FROM JEPHCOTT IS EXPECTED TO PROVIDE A MORE COMPLETE PICTURE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AVIATION AGREEMENTS, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PORTM00724
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760278-0634
From: PORT MORESBY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760740/aaaabjhm.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2004 by ifshinsr>; APPROVED <15 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PNG GRANTS INDONESIANS RIGHT TO FLY BIAK/ PORT MORESBY
TAGS: ETRN, EAIR, PP, ID
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006